

Message Text

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ACTION XMB-07

INFO OCT-01 EUR-25 ISO-00 EB-11 SSO-00 DRC-01 CIAE-00

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FM AMEMBASSY BELGRADE

TO SECSTATE WASHDC IMMEDIATE 149

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INFO AMCONSUL ZAGREB UNN

LIMITED OFFICIAL USE BELGRADE 3794

E.O. 11652: N/A

TAGS: BEXP YO

SUBJ: MAJOR PROJECT: EXTENSION OF EXIMBANK PC 2738

FOR ENTERPRISE UNIS

1. PRIVREDNA BANKA SARAJEVO HAS TELEXED EXIMBANK REQUESTING
60 DAY EXTENSION OF PRELIMINARY COMMITMENT 2738 FOR COLD
PRODUCTS ROLLING MILL TO BE BUILT FOR UNIS. PC EXPIRES JULY 31.

2. EMBASSY HAS CLOSELY FOLLOWED THIS PROJECT. UNIS IS
NEGOTIATING WITH THREE COMBINATIONS OF US SUPPLIERS HEADED
BY

A. TEXTRON INC, WATERBURY, NEW YORK

B. E.W. BLISS COMPANY, SALEM, OHIO AND

C. WEAN UNITED INC., PITTSBURGH PENNSYLVANIA

3. TWO REASONS EXIST FOR DELAY IN TAKING UP EXIMBANK COMMITMENT.

PRINCIPAL PROBLEM IS THAT U.S. SUPPLIERS HAVE NOT COMPLETED
DETAILS OF THEIR OFFERS ACCORDING TO UNIS. SECOND DIFFICULTY IS
PROCEDURAL REQUIREMENT TO ISSUE INTERNATIONAL TENDERS. UNIS
POSTPONED ISSUANCE OF TENDERS TO TAILOR THEM TO SPECIFICATIONS
OF US SUPPLIERS. TO MINIMIZE DELAY, HOWEVER, COMPANY ISSUED
TENDERS ON JULY 18 WHILE UNIS IS URGING US SUPPLIERS TO COMPLETE
THEIR OFFERS AT EARLY DATE, IT CANNOT SIGN ANY CONTRACT UNTIL
EXPIRATION OF 90 DAY PERIOD SPECIFIED IN TENDER FOR
SUBMISSION OF BIDS.

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4. SUCCESSFUL COMPETITION FOR THIS PROJECT WOULD BE
BREAKTHROUGH FOR US FIRMS. UNIS IS 19TH LARGEST ENTERPRISE IN
YUGOSLAVIA, HAS JOINT VENTURE AGREEMENTS WITH MAJOR EUROPEAN
COMPANIES (INCLUDING VOLKSWAGEN, OLYMPIA AND SKF) BUT NO MAJOR
ARRANGEMENT WITH US COMPANIES. THOUGH TENDERS PROCEDURE
FOR PRESENT PROJECT OPENS DOOR TO OTHER
COMPETITION UNIS IS FAVORABLY DISPOSED TO US SUPPLIERS
AND U.S. FINANCING PACKAGE IS AN IMPORTANT ASPECT.

5. ACTION REQUESTED: EMBASSY RECOMMENDS:
A. THAT EXIMBANK EXTEND PRELIMINARY COMMITMENT ON SAME TERMS
AND
B. THAT COMMERCE ALERT US SUPPLIERS THAT UNIS HAS SENT THEM
TENDER DOCUMENTS TO BE COMPLETED AS SOON AS POSSIBLE.
TOON

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Message Attributes

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